

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 H-01 FBO-02 A-01 L-02 ABF-01 RSC-01

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R 181443Z DEC 74

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 5792

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E.O. 11652: N/A (DECLASSIFY UPON RECEIPT)

TAGS: ABLD, IN

SUBJ: GENERATOR PURCHASE

REF: A) STATE 276005 B) NEW DELHI 16762

1. WE ASSUME REFTEL A SENT BEFORE RECEIPT OF AMBASSADOR'S LETTER TO CONGRESSMAN POAGE (REFTEL B). REPLY TO POAGE PROVIDES GOOD FRAMEWORK FOR GENERAL CONSIDERATION OF HYDE'S LETTER, BUT WE HAVE A NUMBER OF SPECIFIC COMMENTS TO MAKE ON IT.

2. AS IT HAPPENED, BROMLEY SMITH ACCOMPANIED BY SAREEN DROPPED BY EMBASSY UNANNOUNCED FOR ONE OF THEIR FREQUENT VISITS WITHIN AN HOUR AFTER REFTEL A ARRIVED. WE SHOWED IT TO BROMLEY SMITH, WHO AGREED THERE ARE SEVERAL ERRORS IN THIS ILL-ADVISED LETTER.

3. BROMLEY SMITH SAID HE AGREES THAT THE ORIGIN OF PROBLEM WAS IN THE NATURE OF ACCOUNT AND THAT THIS ISSUE HAS NOT YET BEEN CLEARED UP. OTHER FACTORS HAVE SUBSEQUENTLY FURTHER COMPLICATED THINGS.

4. AIRCON HAS NEVER BEEN APPOINTED AGENT FOR CAPCO, SHYROW, AND PAN AVION. ACCORDING TO BROMLEY SMITH, THIS IDEA WAS ABANDONED ABOUT 6 WEEKS BACK.

5. WE DON'T KNOW QUITE WHAT HYDE MEANS THAT "THE EMBASSY STAFF HAS GONE 'CAP IN HAND' TO THE FINANCE MINISTRY." CERTAINLY,

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HOWEVER, WE HAVE NOT GONE "GUN INHAND" WHICH IS WHAT HYDE

SEEMS TO WANT. THERE ASSUREDLY IS A PROBLEM; WE THINK WE KNOW WHAT THE NATURE OF IT IS; AND WE THINK BY THIS TIME MR. HYDE SHOULD ALSO KNOW. BROMLEY SMITH AND HIS LAWYER SAY THEY KNOW WHAT THE PROBLEM IS.

6. AS INDICATED ABOVE, WE HAVE SEEN BROMLEY SMITH AND HIS LAWYER, EITHER SEPARATELY OR TOGETHER AT LEAST A DOZEN TIMES SINCE NOVEMBER 1. WE'VE BEEN ON THE TELEPHONE SEVERAL OTHER TIMES, INCLUDING SATURDAYS, SUNDAYS, AND HOLIDAYS. WHEN BROMLEY SMITH HAS NOT BEEN OFF IN KATHMANDU WE HAVE SEEN HIM ON AN AVERAGE OF ONCE A WEEK OR MORE. FOR EXAMPLE WE HAVE THIS WEEK ARRANGED SMITH AN APPOINTMENT WITH BAIJAL THIS FRIDAY.

7. IT IS NOT YET CLEAR THAT DHYANI IS NO LONGER A PROBLEM, BUT WE DO NOT THINK IT WISE TO INSERT OURSELVES IN THIS ISSUE EVEN ENOUGH TO FIND OUT. IT IS REALLY NONE OF OUR BUSINESS.

8. OCTOBER 31 LETTER OF HYDE TO LANDE WAS DELIVERED TO KENNON WHO DISCUSSED IT WITH HYDE AND IN EFFECT ANSWERED IT, ALONG WITH ORAN POINTS MADE BY HYDE AT TIME OF DELIVERY OF LETTER, IN TWO LETTERS DATED NOVEMBER 1. COPIES OF THIS CORRESPONDENCE ARE BEING TRANSMITTED TO MORLEY, ALONG WITH A MEMCON KENNON DID IN RECENT VISIT BY SMITH AND SAREEN.

9. WE ARE NOT QUITE SURE WE UNDERSTAND WHAT WOULD BE ACCOMPLISHED BY HYDE ISSUING US A CHECK FOR \$400,000, WHICH WOULD CERTAINLY BE NON-NEGOTIABLE. WE CANNOT RECOMMEND THAT THE USG ENTER INTO NEW TRANSACTIONS WITH THESE INDIVIDUALS.

10. WE ARE APPLYING PRESSURE ON THE RESERVE BANK OF INDIA TO RELEASE THE PAYMENT FOR THE AIR FREIGHT. WE'VE SENT CHARLIE CCCASKILL INTO THE RBI IN BOMBAY.

11. FINALLY, WE HAVE NO METHOD TO SUGGEST, NOR DO WE ADVOCATE THAT ANYONE TRY TO FIND ONE, WHEREIN HYDE "MAY BE COMPENSATED FOR THE EXTRA EXPENSES INCURRED DUE TO THE PRESENT PROBLEMS WHICH ARE CERTAINLY NOT OF OUR CREATION". WE CONSIDER THAT CAPCO'S, SHYROW'S AND PAN AVION'S DIFFICULTIES ARE OF THEIR OWN MAKING.

12. WE LEAVE TO YOU THE QUESTION WHETHER TO REPLY TO HYDE.
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SMITH RETURNS TO US DECEMBER 22 AND HAS PROMISED TO STRAIGHTEN HYDE OUT. ON THE OTHER HAND YOU MAY NOT WISH TO LET THESE ERRORS STAND UNANSWERED.
MOYNIHAN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 18 DEC 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974NEWDE16848
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740368-1110
From: NEW DELHI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741226/aaaaavqz.tel
Line Count: 111
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 74 STATE 276005, 74 NEW DELHI 16762
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 14 AUG 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <14-Aug-2002 by elyme>; APPROVED <24 MAR 2003 by CunninFX>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GENERATOR PURCHASE
TAGS: ABLD, IN
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005